Parole Board of Canada | Commission des libérations conditionnelles du Canada

Quarterly Financial Report for the Quarter ended December 31, 2013

Canada

Parole Board of Canada

Introduction

This quarterly report has been prepared by management as required by section 65.1 of the *Financial Administration Act* and in the form and manner prescribed by the Treasury Board Accounting Standard 1.3. This quarterly report should be read in conjunction with the Main Estimates and Supplementary Estimates. It has not been subject to an external audit or review.

Authority and Objectives

The Parole Board of Canada (PBC or the Board) is an independent administrative tribunal responsible for making decisions about the timing and conditions of release of offenders to the community on various forms of conditional release. The Board also makes record suspension decisions and recommendations for the exercise of clemency through the Royal Prerogative of Mercy (RPM).

Legislation governing the Board includes the *Corrections and Conditional Release Act* (CCRA), the *Criminal Records Act* (CRA), and the *Criminal Code*. The CCRA empowers the Board to make conditional release decisions for federal offenders and offenders in provinces and territories without their own parole boards. Provincial Boards currently exist in Quebec and Ontario. The CRA entitles the Board to order, deny and revoke record suspensions for convictions under federal acts or regulations. The Governor General or the Governor in Council approves the use of the RPM for those convicted of a federal offence, in all jurisdictions, based on investigations by the Board and recommendations from the Minister of Public Safety.

The Board has one strategic outcome: Conditional release and record suspension decisions and decision processes that safeguard Canadian communities. This strategic outcome is the cornerstone of the Board's public accountability and reporting of results.

Further details on the Board's authority, mandate and program activities may be found in the PBC's Report on Plans and Priorities.

Basis of Presentation

This quarterly report has been prepared by management using an expenditure basis of accounting. The accompanying Statement of Authorities includes the Board's spending authorities granted by Parliament and those used by the department, consistent with the Main Estimates and Supplementary Estimates for the 2013-2014 fiscal year. This quarterly report has been prepared using a special purpose financial reporting framework designed to meet financial information needs with respect to the use of spending authorities.

The authority of Parliament is required before moneys can be spent by the Government. Approvals are given in the form of annually approved limits through appropriation acts or through legislation in the form of statutory spending authority for specific purposes.

When Parliament is dissolved for the purposes of a general election, section 30 of the *Financial Administration Act* authorizes the Governor General, under certain conditions, to issue a special warrant authorizing the Government to withdraw funds from the Consolidated Revenue Fund. A special warrant is deemed to be an appropriation for the fiscal year in which it is issued.

As part of the Parliamentary business of supply, the Main Estimates must be tabled in Parliament on or before March 1 preceding the new fiscal year. Budget 2012 was tabled in Parliament on March 29, after the tabling of the Main Estimates on February 28, 2012. As a result, the measures announced in Budget 2012 could not be reflected in the 2012-13 Main Estimates.

In fiscal year 2012-2013, frozen allotments were established by Treasury Board authority in departmental votes to prohibit the spending of funds already identified as savings measures in Budget 2012. In 2013-2014, the changes to departmental authorities were reflected in the 2013-2014 Main Estimates tabled in Parliament.

The Board uses the full accrual method of accounting to prepare and present its annual departmental financial statements which are part of the departmental performance reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis.

Highlights of Fiscal Quarter and Fiscal Year to Date Results

Significant Changes to Authorities

As at December 31, 2013, total authorities available for the year have decreased by $3.6M compared to the same quarter of the previous year, from $54.5M to $50.9M. The major changes are as follows:

Quarter 1:

- A decrease of $2.7M due to savings identified as part of the Budget 2012 Spending Review;
- A decrease of $1.4M due to net results of reprofiling funds between various fiscal years for the Board's Medium to Long Term Accommodation Plan for Program Delivery;
- A decrease of $0.1M related to the transfer to Public Works and Government Services to consolidate all federal government pay administration services into one centre of expertise in Miramichi, New Brunswick;
- A decrease of $0.1M due to savings identified as part of the Budget 2013 Travel Review;
- An increase of $0.4M due to the compensation for collective agreement;
- An increase of $0.5M which is the fifth of six annual increases related to the Government's Truth in Sentencing Act;
- An increase of $0.5M related to the Employee Benefit Plan.

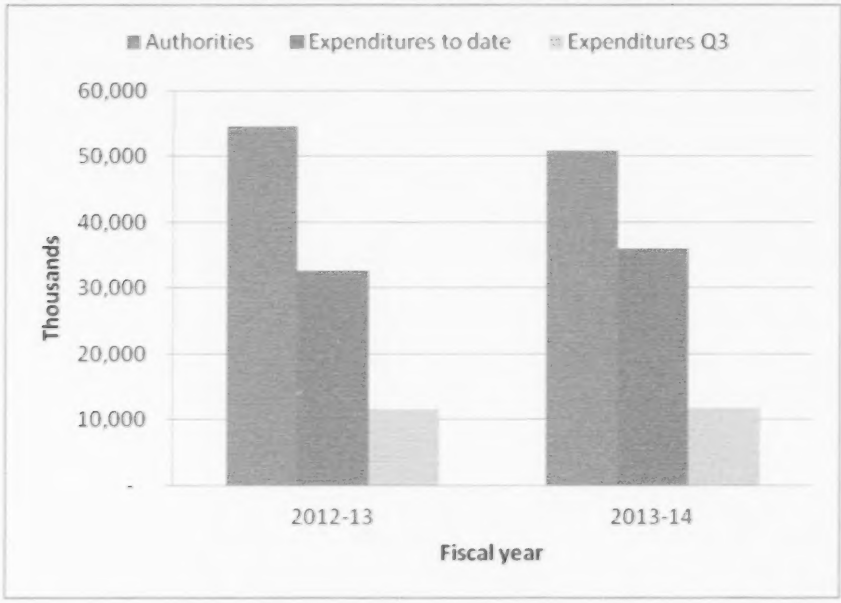
Quarter 2:

- A decrease of $2.0M compared to 2012-13 related to approval of the annual amount of operating budget carry-forward from the previous fiscal year, which was in October 2013-14 and September 2012-13.

Quarter 3:

- A decrease of $0.9M related to the reimbursement by Treasury Board Secretariat of certain pay benefits, such as severance pay, parental benefits and vacation credits payable upon termination of employment with the Public Service, which was in the 3rd quarter in fiscal year 2012-13 and will be in 4th quarter this fiscal year;
- An increase of $2.2M compared to 2012-13 related to approval of the annual amount of operating budget carry-forward from the previous fiscal year, which was in October 2013-14 and September 2012-13.

Figure 1 – Third Quarter Expenditures Compared to Annual Authorities



Significant Changes to Gross Budgetary Expenditures

Year-to-date (YTD) net spending increased by $3,367K or 10% in 2013-14, compared with the same quarter in 2012-13. Gross budgetary expenditures increased by $2,335K or 6% and the revenue decreased by $1,032K or 26% in 2013-14 compared to 2012-13. As a percentage of planned expenditures, year-to-date gross spending in the third quarter of 2013-14 increased to 69% compared to 61% in 2012-13 ($38.9M in 2013-14 and $36.5M in 2012-13).

The following paragraphs provide detail of significant changes.

- Personnel expenditures decreased by $97K or 1% in the third quarter of 2013-14 compared to third quarter of 2012-13, yet there is an increase of $2,198K or 7% in year-to-date results. Although significant decreases would be expected in this area as a result of Budget 2012 measures, the year to date increase is related to the hiring of temporary human resources to work on clearing the Pardons backlog which accumulated prior to the application fee increase. Other contributing factors include temporary staff to work on digitization of offender files to support the Board member tele-work initiative as well as additional resources to support the Offender Management System upgrade.

- Transport and Communications decreased slightly by $56K or 8% from $678K in the third quarter of 2012-13 to $622K in the corresponding period in 2013-14. These savings are the continued results of operational changes made following Budget 2012. On a year-to-date basis, the decrease is $94K or 5%.

- Information expenditures were $33K lower in the third quarter of 2013-14 than in the previous year (increase of $35K or 46% on a year-to-date basis). The majority of this decrease is due to the timing of the bulk purchase of special file folders and related required printing services. These

items are purchased regularly; however, they were purchased in the third quarter of last fiscal year. The production of a video intended for victims in the third quarter of last fiscal year also plays a role in explaining the variance of this standard object.

- Professional and Special Services decreased slightly by $63K or 8% from $772K in the third quarter of 2012-13 to $709K in the corresponding period in 2013-14. The decrease is in part a timing difference in payment to Correctional Services of Canada for the IT function to support Record Suspension (9 months paid in third quarter in 2012-13, quarterly in 2013-14) but was offset by other increases such as legal services, classification services, storage and warehousing as well as training and tuition costs.

- Rentals increased by $85K from ($9K) in the third quarter of 2012-13 to $76K in the corresponding period in 2013-14. This increase is primarily related to the rental of office space for the Pardons backlog group and the lease of an inserter machine for the Board's mail room. The negative amount for the third quarter of 2012-13 of $9k relates to the refund from PWGSC of rent for office space that was supposed to be provided without costs.

- Acquisition of machinery and equipment decreased by $220K from $269K in the third quarter of 2012-13 to $49K for the corresponding period in 2013-14. This decrease is mostly related to the initial expenditures for the Board's Medium to Long Term Accommodation Plan and to the purchase in 2012-13 of office equipment needed to accommodate the Pardons backlog group. In addition several scanners were purchased in 2012-13 in different regions to work on digitization of files to support the Board member tele-work initiative.

Significant Changes to Revenues Collected

The number of record suspension applications accepted in the third quarter of 2013-14 was 1,629, which is 35% less than the same quarter in 2012-13. This resulted in a corresponding 44% or $617K decrease in revenues collected in the third quarter of 2013-14 compared to 2012-13. The decrease in revenue is higher than what is seen in volume due to delay of depositing December transactions.

Risks and Uncertainties

The PBC receives its funding through annual Parliamentary authorities. As a result, its operations are affected by any changes in funding approved through Parliament. The Board collects user fees for processing record suspension applications, and has the authority to spend revenues received during the year on activities related to processing applications for record suspensions. If lower than expected volume persists, this will have an impact on the Board's net financial situation.

As a small agency, the Board at times faces difficulties in recruiting and retaining staff. Small agencies offer fewer opportunities for advancement, which leads some applicants to choose to work elsewhere, while current employees often leave to secure promotions. As well, the Board faces the same demographic changes as the rest of government, with retirement of personnel affecting operations. Over the next few months/years, the Board expects to see increased activity as a result of recently approved, and potential, legislative changes. While the increase in workload will be most obvious in the number of conditional release reviews conducted, the entire organization will be affected. This could exacerbate recruiting and retention issues, should employees seek opportunities outside the Board.

Significant Changes in Relation to Operations, Personnel and Programs

There were no significant changes in the third quarter of 2013-14.

Budget 2012 Implementation

This section provides an overview of the savings measures announced in Budget 2012 that are being implemented in order to refocus government and programs; make it easier for Canadians and business to deal with their government, and modernize and reduce the back office.

The PBC will achieve Budget 2012 savings of $4.8M by 2014-15 through internal efficiency measures and through operational changes to conditional release reviews processes. The Board will maintain its focus on public safety, through quality decision-making on conditional release and record suspensions to safeguard Canadian communities.

In the first year of implementation, the Board achieved savings of $1.6M. Savings have increased to $2.7M in 2013-14 and will result in ongoing saving of $4.8M by 2014-15. To date, cost savings have been achieved through a change from a hearing to an office review and reduction in quorum for certain types of post release decisions, reduced travel due to tele-work by Board members, and increased use of video-conferencing in hearings and internal meetings and other various efficiency measures.

The balance of Budget 2012 savings will be reflected later in the fiscal year and in future fiscal years.

There are no financial risks or uncertainties related to these savings. Work on all remaining initiatives is underway, and in accordance with plans.

Approval by Senior Officials

Approved by,

Harvey Cenaiko	Cathy Gaudet, CPA, CA
Chairperson	Chief Financial Officer

Statement of Authorities (unaudited)

(In thousands of dollars)	Fiscal year 2013-2014			Fiscal year 2012-2013		
	Total available for uses for the year ending March 31, 2014*	Used during the quarter ended December 31, 2013	Year to date used at quarter-end	Total available for uses for the year ending March 31, 2013*,**	Used during the quarter ended December 31, 2012	Year to date used at quarter-end
Vote 35 – Program expenditures	50,280	10,921	34,189	54,212	11,395	32,080
Less revenues netted against expenditures	5,645	771	2,912	5,645	1,388	3,944
Total net Program expenditures	44,635	10,150	31,277	48,567	10,007	28,136
Budgetary statutory authorities - EBP	6,241	1,560	4,680	5,938	1,485	4,454
Total authorities	50,876	11,710	35,957	54,505	11,492	32,590

Departmental Budgetary Expenditures by Standard Object (unaudited)

(In thousands of dollars)	Fiscal year 2013-2014			Fiscal year 2012-2013		
	Planned expenditures for the year ending March 31, 2014*	Expended during the quarter ended December 31, 2013	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2013*,**	Expended during the quarter ended December 31, 2012	Year to date used at quarter-end
Expenditures						
Personnel	43,876	10,888	34,627	46,325	10,985	32,429
Transportation and communications	4,098	622	1,647	4,477	678	1,741
Information	161	30	111	153	63	76
Professional and special services	4,679	709	1,837	4,121	772	1,647
Rentals	296	76	267	324	(9)	77
Repair and maintenance	1,480	31	74	2,052	44	56
Utilities, materials and supplies	530	78	149	594	81	145
Acquisition of machinery and equipment	1,390	49	156	2,072	269	363
Other subsidies and payments	11	(2)	1	32	(3)	0
Total gross budgetary expenditures	56,521	12,481	38,869	60,150	12,880	36,534
Total revenues netted against expenditures	5,645	771	2,912	5,645	1,388	3,944
Total net budgetary expenditures	50,876	11,710	35,957	54,505	11,492	32,590

*Includes only Authorities available for use and granted by Parliament at quarter end.

**Total available for use does not reflect measures announced in Budget 2012.